



PRELIMINARY

Thrift Industry Interest Rate Risk Measures First Quarter 1998

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The attached tables contain the most recent industry statistics for several measures of interest rate risk (IRR): the **Post-Shock Net Portfolio Value (NPV) Ratio**, the **Interest Rate Sensitivity Measure**, the **Pre-Shock NPV Ratio**, and the **Change in NPV Ratio**. The measures are defined in footnotes that are included with the tables. The tables can be used to assess an institution's level of IRR.

An institution can find its approximate **Post-Shock NPV Ratio** ranking by referring to Table 1. Assume XYZ Savings has an Post-Shock NPV Ratio of 7.5%. In the last column of the table, locate the first value that is larger than XYZ's post-shock ratio. For XYZ Savings, this corresponds to the second row of the table.

The first column of this row contains XYZ's overall ranking: XYZ's post-shock ratio places this institution in the first quintile (the worst 20%) of the industry. The second column shows an institution's rank with greater precision. XYZ's post-shock ratio is actually among the bottom (worst) 15% of the industry.

To receive via fax this issue of the *Interest Rate Risk Measures*, call **OTS PubliFax** at **(202) 906-5660** and simply request document code **34810**. The final measures for March 1998 will be available on PubliFax by **June 30, 1998** (request document code **34811**).

These tables are also available on the OTS Web page at <http://www.ots.treas.gov>

Table 1
Post-Shock NPV Ratio*
As of March 31, 1998

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Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	7.3 %
	15	7.9
	20	8.3
2nd	30	9.1
	40	9.9
3rd	50	10.8
	60	11.7
4th	70	13.0
	80	14.9
5th	85	16.5
	90	18.9

* The Post-Shock NPV Ratio is defined as the Net Portfolio Value (NPV) ratio after a 200 basis point increase or decrease in rates, which ever produces the smaller ratio.

Table 2
Interest Rate Sensitivity Measure*
As of March 31, 1998

Quintile	Percent of Industry	Sensitivity Measure Greater Than:
1st	10	339 bp
	15	294
	20	273
2nd	30	230
	40	184
3rd	50	154
	60	121
4th	70	96
	80	74
5th	85	62
	90	44

* The Interest Rate Sensitivity Measure is defined as the decline (in basis points) in the NPV ratio caused by a 200 basis point increase or decrease in rates, whichever produces the larger decline

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off-balance sheet contracts.

Based on 699 OTS-regulated institutions for which the March 1998 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., May 19, 1998.

Table 3
Pre-Shock NPV Ratio*
As of March 31, 1998

Quintile	Percent of Industry	Pre-Shock NPV Ratio Less Than:
1st	10	9.0 %
	15	9.5
	20	9.9
2nd	30	10.7
	40	11.5
3rd	50	12.4
	60	13.4
4th	70	14.9
	80	16.7
5th	85	18.2
	90	20.7

* The Pre-Shock NPV Ratio is defined as the base-case (pre-shock) NPV divided by the present value of assets in the same rate scenario.

Table 4
NPV Ratio by Interest Rate Scenario*
As of March 31, 1998

Quintile	Percent of Industry	NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	9.1 %	7.3 %
	15	9.7	8.0
	20	10.1	8.5
2nd	30	11.0	9.2
	40	11.9	10.2
3rd	50	13.0	11.1
	60	14.1	11.9
4th	70	15.6	13.2
	80	17.5	15.3
5th	85	19.1	16.6
	90	21.3	19.0

* The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario.

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off-balance sheet contracts.

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Table 5
Change in NPV Ratio by Interest Rate Scenario*
As of March 31, 1998

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Quintile	Percent of Industry	Change in NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	-71 bp	-339 bp
	15	-55	-294
	20	-33	-273
2nd	30	-5	-230
	40	18	-184
3rd	50	39	-150
	60	62	-109
4th	70	87	-78
	80	125	-26
5th	85	143	-6
	90	177	21

* The Change in NPV Ratio is defined as the change (in basis points) in the NPV ratio caused by an interest rate shock of either -200 or +200 basis points.

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off balance sheet contracts.

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